

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 99-0628P

**Sales and Use Tax
Calendar Years 1996, 1997, 1998**

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ISSUE(S)

I. **Tax Administration** – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer protests the penalty assessed on an audit completed on July 23, 1999.

Taxpayer failed to self assess use tax on clearly taxable items and had no use tax accrual system in place. Taxpayer failed to obtain exemption certificates from some of its customers.

1. **Tax Administration** – Penalty

DISCUSSION

Taxpayer's audit report revealed that no use tax accrual system was in place and taxpayer failed to charge sales tax to customers who failed to provide sales tax exemption certificates.

Taxpayer states that it has ensured tax compliance from October 1998 forward and there was no intentional non-compliance on behalf of prior management. Taxpayer further states that prior

management made some minor errors that obviously resulted in the tax assessment. In addition, the use tax assessment was very unclear with the field auditor and the issue was not resolved until her final visit.

Taxpayer, however, made no attempt to self assess use tax on clearly taxable items. A Notice of Noncompliance was issued the taxpayer to allow it to obtain exemption certificates for its sales where no sales tax was collected. Taxpayer was negligent when it failed to self assess use tax and failed to charge tax on sales without exemption certificates.

FINDING

Taxpayer's protest is denied.